

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1201 – HB 1760

April 27, 2009

SUMMARY OF AMENDMENT (006587): Deletes the original bill in its entirety. Prohibits unemployment benefit claimants from collecting future benefits if any portion of an overpayment, penalty, or interest from an overpayment is outstanding. Defines “misconduct” as such definition applies to unemployment claims and establishes penalties for individuals receiving unemployment compensation due to misrepresentations of fact. Adds language to current law requiring a 1.5 percent monthly interest charge to all fraudulent overpayments.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$2,560,000/Recurring

Increase State Expenditures - \$288,500/One-Time
\$1,105,400/Recurring

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – \$464,400/Recurring

Increase State Expenditures - \$242,000/One-Time

Assumptions applied to amendment:

- According to the Department of Labor and Workforce Development (LWFD), annual overpayments due to fraud are estimated to be approximately \$6,200,000. The Department indicates that approximately 40 percent of this amount would be recovered ($\$6,200,000 \times 40\% = \$2,480,000$).
- The annual interest rate for fraudulent overpayments would be 18 percent. ($1.5\% \times 12 = 18\%$). The estimated increase in state revenue attributable to such interest payments is approximately \$446,400 ($\$2,480,000 \times 18\% = \$446,400$).

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- LWFD estimates that there will be a one-time increase in state expenditures of approximately \$242,000 for mainframe programming and database changes required to implement the provisions of the bill as amended.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/cce